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not room for a clear setting forth of the points of difference between the author and the reviewer, whose conclusions have been recently presented in a report to the National Monetary Commission. With this preliminary reservation, therefore, that there are some points upon which the writer differs from assertions made in the pamphlet upon topics which are debatable, the general conclusion is that the research is thorough and practically exhaustive; that the writer's statements are fortified with abundant references; that the whole performance is not only creditable, but that we have here a valuable contribution to the literature of the subject. The press work of the pamphlet is open to criticism, not to say condemnation.

ANDREW McFARLAND DAVIS.

Wholesale Prices in Canada, 1890-1909. By R. H. COATS. Published for the Department of Labour. (Ottawa: Government Printing Bureau. 1910. Pp. xiii, 509.)

In this report there is presented a series of annual index numbers of wholesale prices in Canada for the period 1890-1909. A continuation of the series will appear monthly in the *Labour Gazette*. The general index numbers are based upon the prices of 230 widely distributed articles. The price quotations are, with a few exceptions, the monthly prices of the articles in the Montreal or Toronto markets as given in the daily press, weekly trade journals, printed reports of Exchanges, Boards of Trade, etc. "Every care has been taken to insure that the prices quoted for each article represent a uniform quality and uniform conditions of sale throughout." Annual index numbers are determined for each article and for each of thirteen groups of articles. In computing the index numbers for each article, the average price of that article for each year was expressed as a percentage of its average price for the years 1890-99. The general index numbers were found by computing the simple arithmetic average of the index numbers of the various articles.

The base period 1890-99 was taken because it was considered to reflect normal conditions and because it enables direct comparison to be made with the United States Bureau of Labor series of index numbers. The simple arithmetic average, rather than a weighted average, was chosen because the list of articles was considered "sufficiently extended and well distributed to overcome the need for weighting based on the limited number of com-

modities included in the number"; and because during the period covered there has been no such violent interruption of normal economic conditions as to render weighting imperative.

The methods used in obtaining the Canadian series of index numbers, which parallel the methods of the United States Bureau of Labor, are in accord with the best scientific opinion.

A desirable feature of the report is the series of charts showing the fluctuation of the prices of the different articles and groups of articles. A well written appendix, with numerous references to the literature of the subject, contains descriptions of the construction of the important index numbers of the United States, England and Germany.

A graphic comparison of the index numbers of the Canadian Bureau of Labour, the United States Bureau of Labor, and Sauerbeck (England), shows a remarkable correspondence of fluctuations. I have computed the coefficients of correlation for these three series for the 19 years, 1890-1908, with the following results:

Coefficients of Correlation

United States and Canadian Prices = + 0.99

United States and English Prices = + 0.94

Canadian and English Prices = + 0.93

Since a coefficient of + 1 indicates perfect correlation, the results found above show that the general price movements in the three countries considered are nearly identical. The U. S. and Canadian series practically coincide.

Mr. Coats enumerates various elements which affect prices. On the commodity supply side he names variations in yields or harvests, improvements or other changes in methods of production or transportation, legislative enactments such as tariffs, bounties and excise duties, and the operation of trusts, trade agreements, etc. On the commodity demand side he names seasonal changes, change in custom or fashion, and increase in population and other changes involving deferred productivity. Concerning the money side of price-change the statement is made that "the part which gold plays as a direct vehicle of exchange dwindles into insignificance beside that of the credit system, which, though resting on a metallic basis, is not necessarily proportioned to metallic reserve, and the organization of which is therefore a most important factor in the modern financial world." Evidence strongly supports the contention of Mr. Coats that the volume

of credit is not necessarily proportioned to metallic reserves. The relation between gold and prices is not yet clear.

Colorado Springs, Col.

WARREN M. PERSONS.

Der Einfluss der Bank-und Geldverfassung auf die Diskontopolitik im deutschen Reich, in England, Frankreich, Österreich-Ungarn, Belgien, und den Niederlanden. By GEORG SCHMIDT. (Leipzig: Duncker and Humblot. 1910. Pp. viii, 120.)

The purpose of this monograph is to explain the difference in the magnitudes and fluctuations of the rates of discount in Germany, England, France, Austria-Hungary, Belgium, and Holland, so far as such explanation may be found in the privileges, policies and regulations of the central banks of these countries or in the peculiarities of their monetary systems. After a brief introduction, the author devotes Part I to a description of such features of the legal constitutions of the central banks of the above mentioned countries and of the policies adopted by their managements as have a bearing upon the rates of discount charged. In Part II he makes a comparative study of the rates of discount which have ruled in the six countries for a considerable period, and attempts to show the connection between the differences he finds and the peculiarities of each institution and each country described in Part I.

On account of differences in the legal regulations and practices of these banks, their ability to meet the demands made upon them for credit vary considerably, with the result that some are obliged to resort to variations in the rate of discount, while others are not. For example, on account of the strict limitation on the note issues of the Bank of England, her obligation to pay gold on demand, both to depositors and note holders, and the need for gold as hand-to-hand money in the country on account of her inability to issue notes of denominations under £5, she must carry a large gold reserve, for the regulation of which her chief resource must be variations in the rate of discount. For similar reasons the Imperial Bank of Germany is forced to adopt the same means, not so frequently, however, or to the same extent, since her note issues are not limited absolutely as are those of the Bank of England, and since she is able in part to meet the local demand for currency by the issue of notes of small denominations. The Bank of France, on the other hand, is freed from the neces-